

Appendix C – Officer Response

Introduction

The report to Cabinet on 11 November 2019 was researched and written in response to a motion passed at Council in April 2019:

“ This Council calls on Cabinet to look at ways in which a charitable fund could be established to manage revenue coming from an additional voluntary council tax from Band H properties, based on the models used by some other Councils. These monies could be used to establish a charitable fund, to help support the council and partnership’s ambition of bridging the gap in the borough, to help mitigate some of the cuts in national education funding since 2010, subject to consultation.”

The report to Cabinet presented all the information that was available at the time, which was from the sole authority, Westminster Council that had implemented a voluntary contribution scheme.

The Head of Revenues and Benefits has subsequently attended a workshop held by Westminster Council (presentation slides in Appendix D) and was therefore able to gather further information about the Westminster scheme and to make contact with other authorities who were also considering such a scheme. Information collected from these authorities is set out below.

This officer response also contains details of Merton council tax band data to assist with estimates of the cost and potential revenue if a scheme were to be set up locally.

Other council schemes

There had been a press release issued by the Royal Borough of Kensington and Chelsea in February 2019 detailing that consultation was going to commence consultation to residents of band H properties to see if they wanted to pay more.

<https://www.rbkc.gov.uk/press-release/new-voluntary-contribution-%E2%80%93-consultation-be-launched>

Although the Royal Borough of Kensington and Chelsea were contacted officers failed to establish if, when and how they were implementing a scheme.

On the 1 November the Head of Revenues and Benefits attended a meeting at Westminster council to review and discuss their voluntary scheme which included an update on their progress, lessons learnt and also an update from council’s who are considering implementing a voluntary scheme. The lead officer from Westminster stated that four council’s had indicated that they were likely to progress with either implementation or consultation. The council’s highlighted were Royal Borough of Kensington and Chelsea, Lambeth, Richmond and Islington.

At this meeting Westminster clarified that in year one £400,000 was received in the first wave (March 2018) and £200,000 from the letters sent in November 2018. In year two £280,000 has been received and they are expecting a “significant boost” in the autumn as details of expenditure is revealed to residents.

The Head of Revenues and Benefits at Westminster was asked to attend Overview and Scrutiny but was unable to due to other work commitments. However, attached to this report is the presentation document used by Westminster at the meeting above. If there are any specific questions Westminster have indicated they will answer via email.

Enquiries have been made with council’s who have been looking at a voluntary scheme and the findings are detailed below.

Kensington and Chelsea

Early in 2019, Kensington and Chelsea Council carried out a consultation exercise with Band H households to determine whether they would be interested in making an additional contribution on top of their Council Tax to support local priorities.

The consultation survey was sent to 15,500 Band H households (22,750 Council Tax payers). A total of 1,172 responses were received. Overall support for the scheme was very strong, with 67% of people supporting the scheme, 61% saying they would contribute and of these 80% saying they would support the priority in Year 1 of investing the money to support opportunities to access and employment.

The Council has made it clear that this will be a voluntary scheme and that only those residents who said they would be willing to contribute will be contacted.

The Council is in the process of setting up a new charity that will be registered with the Charity Commission and will operate as a separate entity to the Council. The charity will directly to the charity and the Board of Trustees will be responsible for making funding decisions.

The contributions will not fund services that the Council should otherwise be providing. The funding will be aligned but will aim not to duplicate funding from other sources (including the Council, voluntary sector)

It is anticipated that the charity will be registered with the Charity Commission by the end of 2019. The charity will then be in a position to contact all individuals who expressed an interest in the scheme and invite them to make a voluntary contribution.

The band H charge for 2019/20 is £2,381.10. It is not clear when the scheme will commence

Richmond Upon Thames

Richmond Council are in the process of setting up a voluntary community contributions scheme whereby council tax payers in 12,700 Band G and 3,300 H properties will be asked to make additional financial contributions towards non-statutory services identified as priorities by the Council. The intention is to provide assistance to vulnerable groups in the borough.

The Council has established a charitable trust to administer the scheme independently of the council and are now in the process of registering with the Charity Commission to obtain charitable status.

Letters will be sent out by the charitable trust at a different time of year to the council tax letters to make it clear that this is an independent scheme. The suggested level of donations will range from £50 to £250, though residents will be able to choose any amount. The decision on use of funds will be made by the Board of Trustees.

The band H charge is £3,607.44 (band G is £3,006.20). It is not clear when the scheme will commence

Islington

In June 2018 the Leader of Islington Council announced his intention to draw up plans for a voluntary supplement aimed at band H homes. Money raised would be used to support the Fairer Islington Fund, a charitable body, and to provide early intervention and prevention services to local people.

Contact was made with the lead officer in December 2019 who reported that they were exploring this and would be able to provide further information in a few months.

Calderdale

Calderdale Council have assessed a range of alternative options for funding services, including crowdfunding, philanthropy and voluntary council tax contributions for higher council tax properties.

In July 2019, Calderdale's Cabinet agreed to develop a council lottery scheme and to receive a more detailed report on crowdfunding or philanthropic funding for specific projects or services. Cabinet agreed to not proceed with voluntary council tax contributions as there are only 43 Band H properties in Calderdale.

Merton council tax data

The report only looked at band H properties based on Westminster's scheme. Council tax properties are banded between A and H based on the property value at 1991. As at 1 October 2019 the split of Merton properties by band is detailed below along with the number of empty properties and number of properties with council tax support in payment:

Band	Number	Empty properties charged the levy (empty for over two years)	Properties with council tax support in payment	Council Tax Charge (excluding the Wimbledon Commons precept)
Band A	1,120	6	352	£1,032.22
Band B	8,474	37	2,217	£1,204.26
Band C	23,299	45	4,034	£1,376.30
Band D	27,843	38	3,217	£1,548.33
Band E	13,209	16	728	£1,892.40
Band F	5,571	5	142	£2,236.48
Band G	4,045	10	40	£2,580.55
Band H	1,751	14	1	£3,096.66
Total	85,312	171	10,681	

As detailed in the report, 77% of Westminster's residents who made a voluntary contribution paid £2,421.00 or less (band H charge £1,421.00 plus the voluntary contribution). This overall contribution was less than Merton residents paying the band G charge.

Examples of estimated contributions

Any voluntary scheme could be extended to additional banded properties. It would be difficult to estimate potential contributions from residents in band G properties as there is nothing to compare with.

a) Band H only same percentage of contributions as Westminster

As detailed in the original report (2.9), if the same percentage of contributors was applied to Merton for residents in band H properties we would receive 59 payments and assuming the

same average contribution (£963) then £56,817 could be received

b) Band H only contributions of more than Merton band H charge

As detailed in (2.12) only 21 of Westminster's 540 contributors paid more than Merton's band H charge. Using this percentage Merton would only receive 2 contributions.

c) Band G and H same percentage of contributions as Westminster

If the scheme was extended to band G and H properties in Merton there would be 5,772 possible contributors (Band G and H charge less those paying the empty property levy). If the same percentage of payers in Westminster was applied (3.46%) then 200 contributions could be received. Again assuming the same average contribution (£963) then £192,600 could be received.

Future year's income

Based on information provided by Westminster there was a reduction of income in year two. In year one £400,000 was received in the first wave and only £280,000 in year two, a reduction of 30%.

Applying a similar reduction to examples a) and c) above year two income could be:

Example a) - £56,817 in year one and £39,772 in year two.

Example c) - £192,600 in year one and £134,820 in year two.

Costs of the scheme

The original report estimates year one costs at £10,150, although this would increase if we wrote to residents in band G properties – the cost would increase by approximately £4,000 per mailshot and there could be three mailshots and in some cases four increasing the cost by approximately £16,000 in year one. In future years the initial consultation costs and some of the staffing costs would reduce.

Estimated costs for years one and two

Example a) year one £10,150 and year two £4,000

Example c) year one £26,000 and year two £12,000

An alternative method to sending mailshots would be to use My Merton to undertake consultation or promote the scheme.

In Westminster the cost of administering the scheme is being met within existing budgets and Richmond council have also stated that the cost would be met through existing budgets.

Delivery vehicle

If a voluntary scheme was implemented then a suitable vehicle for administering, awarding funds and monitoring spend would need to be agreed and implemented. The original report suggested a Charitable Trust but as an alternative method provided details on using Merton Giving scheme.

Richmond, following advice from the South London Legal Partnership, opted to set up a Charitable Trust.

Advice should be taken from the South London Legal Partnership for the most suitable and cost effective method for Merton.